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Geoism As Part of The Left-Libertarian Tradition

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Geoism As Part of The Left-Libertarian Tradition

MARTIN JACOBSON **OCT 11 · GUEST POST**











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Henry George alongside other figures who were prominent leftlibertarians at one time or another (image link)

What I have done in this book, if I have correctly solved the great problem I have sought to investigate, is, to unite the truth perceived by the school of Smith and Ricardo to the truth perceived by the school of Proudhon and Lasalle; to show that laissez faire (in its full true meaning) opens the way to a realization of the noble dreams of socialism. (Progress and Poverty, p. xi)

In the preface to the fourth edition of *Progress and Poverty*, Henry George famously asserted that "laissez faire (in its full true meaning) opens the way to a realization of the noble dreams of socialism". The statement highlights a deeply attractive feature of Geoism, as it seeks to reconcile the most

important insights of free market liberals with the truths perceived by radical egalitarians. In other words, that the socialist ends of a society free from systematic inequalities, exploitation, poverty and domination could be achieved by *freeing* the market rather than by abolishing it.

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This feature of Geoism put it within a broader "left-libertarian" tradition. While the term left-libertarianism is used ambiguously to refer either to the entire non-statist, horizontalist left, or to a philosophical tradition seeking to combine full libertarian self-ownership with egalitarian world-ownership¹, or to "bleeding heart libertarianism", the term in the sense used here refers broadly to people who see free market libertarianism as a means to achieve traditional left-wing ends of social equality.

Libertarianism and egalitarianism are often thought of as mutually incompatible or antagonistic positions. Since markets are assumed to create an inherent tendency towards economic inequality, anti-market egalitarians argue that market processes must be curtailed to achieve more egalitarian outcomes. Similarly, many "right"-libertarians argue that we must accept existing inequalities, as these have arisen spontaneously through our free market. Underlying both of these arguments is the assumption that markets spontaneously tends to create systematic inequalities.

It is this underlying assumption which left-libertarians reject. According to these left-libertarians, existing social problems such as systematic inequalities, social domination, and wage slavery should not be attributed to free market interactions, but rather to economic privileges that benefit the wealthy and powerful at the expense of the poor. Thus, they don't see

restrictions on the market as the solution to systematic inequalities, but rather as its cause.

This left-libertarian position includes many well-known classical liberals and political economists, who deplored social problems like inequality and poverty, and critiqued the privileged classes of their day. Geoists often point towards figures like Adam Smith, Thomas Paine, and the early Herbert Spencer for their proto-geoist ideas. But similar types of analysis could also be found in anarchist thinkers such as Pierre-Joseph Proudhon and Benjamin Tucker. And in our own time, these views have been defended by thinkers like Roderick Long, Gary Chartier and Kevin Carson, and institutions like the Center for a Stateless Society.

This essay seeks to situate Geoism within this broader tradition of left-libertarianism. It also aims to highlight some distinctive characteristics of the Geoist version of the theory, and some important insights that the Geoists could take from this broader tradition.

The Left-Libertarian Tradition

At its core, libertarianism could be understood as the view that human interactions should be voluntary. Historically, left-libertarians often expressed this view in the *Law of Equal Liberty*: that each person should be free to do what they will, provided that they do not infringe on the equal liberty of others². Thus, at the level of fundamental principle they explicitly sought to reconcile liberty with equality.

The distinction between left-libertarians and libertarianism more generally could be explained in terms of <u>libertarian class analysis</u>. According to this analysis there are two ways of acquiring wealth. One can either make valuable goods and services in free and voluntary cooperation with others or one can forcefully take it from its original producers. This generates a dichotomy between <u>"makers and takers"</u> – between production and plundering. While the "making" is a positive sum game, generating additional wealth and benefitting all parties engaging in voluntary exchange, "taking" is a zero- or negative sum game, as whatever the takers gains is acquired at someone else's expense. Consequently, taking creates a division of two classes, one of them becoming enriched by exploiting the other.

Right-libertarians often sort the rich and powerful into the category of producers, and the poor underclass into the category of takers. Giant corporations and billionaires are seen as peaceful and productive while "welfare queens" and upset wage-workers are seen as destructive and lazy. Left-libertarianism flips this analysis. Rather, they see both poverty and extreme wealth concentration as the result of exploitation by the rich of the poor. In George's words: "that the reason why those who work hard get so little, while so many who work little get so much, is, in very large measure, that the earnings of the one class are, in one way or another, filched away from them to swell the incomes of the other." (Social Problems, p. 56)

Hence left-libertarians argue that existing inequalities arise due to economic privileges that rig economic exchange in favor of the rich and powerful. The most obvious example of this would be corporate bailouts that direct divert public funds to big business. But similar effects can also be achieved by:

- Intellectual property rights that create artificial scarcity and monopolies, thereby generating undue privileged monopoly incomes to patent holders while inhibiting competition.
- Expensive and complicated licensing, fees, and regulations inhibiting smaller and newer actors from entering the market, thereby protecting established actors with extensive legal divisions from unwanted competition.
- State funding of public infrastructure allow firms to socialize the cost of their production, while keeping profits for themselves.
- As emphasized by Geoists, privileged claims to land that enable landlords to live at the expense of landless tenants.

Taking these factors³ into consideration, left-libertarians argue that our current economic system bears very little resemblance to a free market. None of the vast accumulations of wealth listed by Forbes 100 or Fortune 500 could have arisen without the aid of one or several of these economic privileges. Just as these monopolistic privileges concentrate wealth, they also impoverish the majority by inflating prices, lowering wages, raising taxes on production, and creating barriers of entry to better productive opportunities. Consequently, left-libertarians argue that a genuinely laissez faire market, rid of these economic privileges, would be a radically more egalitarian economic

system – without wage slavery, domination by bosses and managers, or systematic economic class inequalities. So in George's words, left-libertarians strive for *true* free trade, as opposed to the economic system we are living under.

Geoism: A Distinctive Version of Left-Libertarianism

Given this overview, it seems clear that we could understand Geoism as a form of left-libertarianism. The Geoist analysis of land and rent fit neatly into the distinction between makers and takers. As used in Geoist jargon, land refers to the entire natural cosmos, including all naturally occurring resources that exist independently of human production. And since these resources by definition cannot be produced, their distribution is a zero sum game. So, as landlords in their capacity as landowners don't create any new wealth, the part of their rental income that is a charge for use of land must be taken at the expense of their tenants. What makes Geoism distinctive from other forms of left-libertarianism is its special emphasis and understanding of the land monopoly. However, Geoists neither have, nor ought to, pretend that the land monopoly is the only cause of economic exploitation. George was acutely aware of exploitative effects of patents, protectionist tariffs and wage taxation, and the left-libertarian class analysis was notably developed by (semi) Geoist thinkers like Herbert Spencer, Franz Oppenheimer and Albert J. Nock.

But while land is not the only monopoly, Geoist analysis holds that it is importantly different from many other mechanisms of exploitation, for two main reasons. First, Geoists make a distinction between economic privileges that are artificial, and privileges that are unavoidable. An example of an artificial privilege would be something like a taxi medallion, which only exists due to state legislation mandating that only licensed drivers may provide taxi servers. Thus, this privilege could be easily abolished merely by repealing the law. This contrasts with the privilege that arises from the rental value of land. These rents are basically the opportunity costs of naturally occurring resources, and arise unavoidably as soon as there is scarcity of top quality land. It is precisely since rents cannot be easily abolished merely by repealing some law that Geoists argue that these rental privileges should be addressed by socializing their value, making it equally shared among all.

Secondly, Geoists argue that there tends to be a substitution effect between grounds rents and other forms of exploitation. Ground rents essentially reflect the desirability of using a piece of land. So if residents within the area are encumbered by artificial privileges or heavy taxation on production this will make the site less desirable, thereby also reducing its rental value. But on the flipside, if these artificial privileges and taxes were lifted this would make the area more desirable, thereby increasing its rental value. Consequently this would generate an effect where the abolition of taxes and artificial privilege wouldn't necessarily help those being exploited, as these benefits would instead be captured by landlords in the form of increasing ground rents. Hence, the net effect of such reforms would not be a shift of incomes back from takers to its original makers, but rather a shift from one group of takers to another. As expressed by George:

Labor may be likened to a man who as he carries home his earnings is waylaid by a series of robbers. One demands this much, and another that much, but last of all stands one who demands all that is left, save just enough to enable the victim to maintain life and come for the next day to work. So long as this last robber remains, what will it benefit such a man to drive off any or all of the other robbers? Such is the situation of labor to-day throughout the civilized world. And the robber that takes all that is left, is private property in land. (*Protection or Free Trade*, p. 267)

If the abolition of wage taxation and other economic privileges would to some extent just increase rents, it would be futile to abolish other forms of exploitation, without also addressing the land monopoly.

What Geoists Can Learn From Other Left-Libertarians

Just as Geoism contributes with important insights to left-libertarian theory, geoists can also learn important lessons from other left-libertarians. To name one example, there is an important strain within left-libertarian theory that emphasizes how the political process itself may give rise to exploitative privileges.

After all, if the economic privileges identified by left-libertarians only exist to benefit the few rich at the expense of the producing majority, this raises the question of how these privileges could persist in democratic societies at all. While many find it plausible that the inequalities of the *Ancien Régime* were

the result of plunder, it is much more controversial to understand contemporary liberal and democratic societies as based on systematic exploitation. However, some left-libertarians point to the fact that there are features inherent in political processes which make them more likely to promote the interest of the wealthy elites, rather than the worse off majority. This need not rely on some conspiracy among the powerful, but rather from the structural features of centralized political decision-making. To quote the left-libertarian philosopher Roderick Long:

A plutocratic ruling class need not operate via conscious machinations, of course (though such machinations are not necessarily to be ruled out, either). A malign invisible-hand process may come into play instead. Suppose that a variety of governmental policies are proposed or adopted, perhaps at random. Those that adversely affect entrenched and concentrated interests will get noticed and become the object of attack. By contrast, those that injure the average person will meet with less opposition, since average people are too busy to keep track of what the government is doing, too poor to hire lawyers and lobbyists, and too dispersed to have an effective voice. Thus, legislation which is disadvantageous to the rich will tend to be filtered out, while legislation which is disadvantageous to the poor will not. Over time, this skews state action more and more in the direction of advancing the interests of the powerful at the expense of those of the weak." (Toward a Libertarian Theory of Class, p. 327)

This gives rise to a vicious circle of plutocracy, as those best situated to influence the political process will be able to capture a larger share of resources, while those with ample resources will also be best situated to influence the political process. Left-libertarians emphasizing these issues tend to be deeply skeptical about state authority. Some "left-wing market anarchists", including Roderick Long and Gary Chartier⁴, argue that the best way to safeguard against these issues would be to dispense with the state institution altogether.

Geoists in particular should be alert to the risk of plutocratic processes in the political system. Land value taxation seems like a perfect example of a reform in which costs are concentrated on the most wealthy and powerful, and benefits are dispersed to everyone, making it inherently vulnerable to these

processes. After all, if the Geoist analysis is correct, land value taxation would not only be vastly more efficient, but also more equitable and more just than taxation on labor or savings. And this insight is hardly new, as it has been around since before Adam Smith. The only people who actually benefit from a system taxing labor rather than land would be a small but influential clique of large scale landowners. So if there ever was a natural experiment enabling us to test whether our political and economic system is structured to promote equality, prosperity or justice on the one hand, or the interest of the wealthy and powerful on the other hand, land value taxation is probably as good a candidate as we could ever hope to find. But pretty much every state, current or historical, fails this test miserably.

Thus, Geoists ought to take the warnings from public choice economics seriously. Even a state funded by a land value tax would still be vulnerable to (literal) rent-seeking, diverting the revenues from land taxation to privileged elites. If our current institutions tend to favor the concentrated interest of landlords at the expense of the disperse interest of the landless, what would ensure that a single tax state would spend its revenues in a way favoring the general public, rather than the most powerful special interests?

Consequently, Geoists ought to think carefully about why our political institutions have enabled these privileges, and how they could be designed in order to minimize their vulnerability to such rent-seeking. For example, one way to minimize such risk would be to commit rental revenues from a single tax to a universal basic income. This would make state spending much more transparent and remove the discretion of policy makers to decide how to spend rental revenues. Thus it would ensure that these rents would be maximally dispersed, rather than given to some special interest group. As an even more radical measure, geo-anarchists ask whether rents could be equalized by non-state institutions that are less vulnerable to political capture, thereby enabling us to dispense with the state institution altogether.

Conclusion

While the term "left-libertarianism" sounds like an oxymoron to many people, it was a thriving tradition before the cold war narrative led us to believe that liberty is essentially at conflict with equality. Since the end of the cold war, this tradition is once again reemerging. By situating Geoism within a larger left-

libertarian tradition we can gain important insights, developing both the left-libertarian tradition generally, and Geoism specifically. Geoism contributes to this tradition with its unique analysis of rents. If this analysis is correct, it would be futile to address artificial economic privileges, without also addressing the land question. Consequently, Geoists can also learn important insights by going into deeper dialogue with other left-libertarians. While abolition of the land monopoly might be necessary to abolish economic privilege, it is not sufficient. It is therefore important to emphasize that Geoism is not a single issue movement for land taxation, but a broader project seeking to abolish all economic privileges, including, but not limited to land monopoly. Ultimately Geoists are united with the other left-libertarians in striving for a world without economic privilege, in which laissez faire, in its full true meaning, would deliver freedom and equality for all.

- This tradition is often associated with philosophers such as Hillel Steiner, Peter Vallentyne, Michael Otsuka and Phillipe van Parijs, and is also closely connected with Geoism. For an overview of historical and contemporary examples of this tradition see the anthologies *The Origins of Left-Libertariansim* and *Left-Libertarianism and its Critics*, edited by Vallentyne and Steiner.
- 2 For some examples, see Spencer's <u>Social Statics</u> (chap. IV§1), George's <u>Progress and Poverty</u> (p. 337), Tucker's <u>"The Relationship of the Individual to the State"</u> (p. 23) and Steiner's <u>An Essay on Rights</u> (p. 216).
- 3 For some works discussing these mechanisms see Kevin Carson's Organization Theory (especially chapter 11 on "The Abolition of Privilege"), Charles Johnson's "The Many Monopolies", Benjamin Tucker's "State Socialism and Anarchism", and Henry George Jr.'s The Menace of Privilege.
- 4 See, for example chapter 3 of Chartier's *The Conscience of an Anarchist*.



A guest post by

Martin Jacobson

I am a PhD Student in political theory at Uppsala University, writing a thesis on the relationship between geoism and anarchism.



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